



February 8, 2022

Dear Members of the Human Services Committee:

Thank you very much for hosting an informational forum on nursing homes this morning. We appreciated the opportunity to hear from residents, staff, and other experts who are all invested in improving resident care and stabilizing the industry.

We acknowledge the tremendous strain that COVID-19 has placed on nursing home residents and their loved ones as well as staff and administrators, and we appreciate efforts from all parties to address some of the systemic issues that have surfaced or been exacerbated in the past two years. While there have been important improvements since the beginning of the pandemic, residents and staff are still struggling in many ways, and policymakers need to maintain a focus on continued reforms and improvements to our state's long-term care systems.

As we begin the 2022 legislative session, we propose three recommendations for your consideration:

1. Improve pay for direct care staff and build a more robust long-term care workforce.
2. Improve transparency and consider the implementation of a direct care payment ratio.
3. Expand the Long-Term Care Ombudsman Program to include support and advocacy for individuals who receive long-term care in home and community-based settings.

Improve pay for staff and build a more robust long-term care workforce.

Low staffing levels mean that residents cannot get out of bed, use the bathroom, or eat in a timely manner; staff risk physical injury, cannot give residents the time and attention they deserve, and experience higher rates of burnout; visits with loved ones may be limited or cancelled; and it is more difficult for facilities to contain the spread of COVID-19 and other infectious diseases.

Adequate pay and benefits are critical to attracting and retaining direct care staff in nursing homes and other long-term care settings. One in three nursing assistants relies on public benefits, and nearly half live in households earning less than 200 percent of the federal poverty level.¹ As Connecticut's population continues to age, it is critical for the state to work with long-term care providers to create jobs that pay a living wage, attract and retain quality workers, and offer opportunities for career growth. When possible, workers should also be given the opportunity to work full-time hours; this would lessen the need for nursing home staff to work in multiple facilities to make ends meet, and it would give more workers access to benefits.

Improve Transparency and Consider the Implementation of a Direct Care Payment Ratio

Although nursing homes are subject to extensive regulation and reporting, it is difficult to look at a nursing home cost report² and easily ascertain how much funding a facility spends on direct resident care, how much it spends on indirect costs that may have a direct impact on residents' well-being, and how much it spends on administration, property, and capital-related expenses. The complicated ownership structures of many nursing homes and their extensive business relationships with "related-party entities" make it even more difficult to understand how revenue is used and to what extent it supports residents' well-being.

Connecticut has spent more than \$1.5 billion per year on institutional care, including nursing homes, in

¹ PHI Staff. Raise the Floor: Quality Nursing Home Care Depends on Quality Jobs. Bronx, NY: PHI; April 2016. p 3

² Available here: <https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-Nursing-Home-Reimbursement/Nursing-Facility-Cost-Reports/Cost-Report>

recent years.³ According to a 2020 CT Department of Social Services analysis, 77% of costs included on Connecticut nursing facility cost reports were allowable for Medicaid reimbursement; 51% of these allowable costs (39% of total costs) went towards direct resident care (nurses, nurse aides, and related costs). 22% of allowable costs (17% of total costs) went to a broader “indirect” category that includes some staff that work directly with residents (recreation, social work, and dietary staff) as well as housekeeping, laundry, and patient care supplies. Remaining allowable costs went toward administrative and general costs, property, and capital expenses.⁴ It is not immediately clear which nursing facilities spent more or less than these amounts on direct care or how much of this funding went to related-party entities.

To create a more level playing field in terms of how each individual nursing home spends its revenue, three nearby states – Massachusetts, New Jersey, and New York – have developed direct care payment ratios. Direct care payment ratios set a floor on the amount of revenue that every nursing home must spend on direct resident care; definitions of direct resident care vary somewhat between states. New York and Massachusetts will require that 70% and 75%, respectively, of total revenue (including Medicaid, Medicare, and private sources) be spent on direct care while New Jersey is considering a direct care payment ratio of 90% of Medicaid funding. The idea is similar to Medical Loss Ratios that are used to create greater transparency and accountability for health insurers.

AARP Connecticut recommends that the legislature and state regulators consider whether a direct care payment ratio would result in improved outcomes for nursing home residents and improved transparency in how nursing homes spend their revenue. We also recommend that “plain language” summaries of nursing home cost reports be made available to the general public that clearly outline: 1) individual facilities’ total revenue; 2) the amount of revenue that falls into the five allowable cost categories outlined in Section 17b-340(f)(1) of the Connecticut General Statutes; 3) the total amount of revenue spent on related-party transactions; and 4) if there is any private equity investment in the nursing facility.

Expand the Long-Term Care Ombudsman Program to include support and advocacy for individuals who receive long-term care in home and community-based settings.

In recent years, Connecticut has made significant progress in providing long-term care recipients with more opportunities to receive services in the setting of their choosing, and many individuals have chosen to receive home and community-based services. AARP Connecticut applauds State and Federal efforts to help more individuals remain or return to their homes to receive long-term care, and we believe that there should be support and representation for individuals who choose to receive long-term services and supports in the community.

For many years, and especially during the past two years of the pandemic, the Long-Term Care Ombudsman Program has been an invaluable source of information and assistance for long-term care facility residents and their loved ones. The Ombudsman’s insights and expertise have also been critical to advocates and policymakers. Two-thirds of Connecticut’s long-term services and supports recipients now receive care in home and community-based settings, and these individuals and their loved ones could benefit from Ombudsman representation. AARP Connecticut supports expanding the Long-Term Care Ombudsman Program’s mandate to include *all* settings where individuals receive long-term services and supports and providing the program with adequate resources to ensure a successful expansion.

Thank you again for your ongoing attention to nursing homes and your commitment to improving care for residents. We look forward to working with you during the upcoming legislative session. If you have any questions about these recommendations, or if we can be of assistance during the session, please reach out to Anna Doroghazi, AARP Connecticut’s Associate State Director for Advocacy and Outreach, at: adoroghazi@aarp.org or (860) 597-2337.

³ State of Connecticut Long-Term Care Planning Committee. “CT Rebalancing: Medicaid Long-Term Care Clients and Expenditures SFY 2020.” January 1, 2020.

⁴ <https://portal.ct.gov/-/media/Departments-and-Agencies/DSS/Medicaid-Nursing-Home-Reimbursement/Nursing-Home-Forum-for-the-Committees-of-Cognizance-2620.pdf>